

IMPORTANT COVID-19 UPDATE

WORKERS' COMPENSATION AUDIT AND CLASS CODE CONSIDERATIONS DUE TO COVID-19

At the onset of a WC policy, employers provide payroll projections to their insurance company to classify their payroll exposure. Payroll projections are a key component in determining Workers' Compensation premium.

COVID-19 required many employers to have their employees working from home or in a different classification code than originally projected. As a result, if your employees were working from home or performing different roles than initially expected, we recommend you review your current payrolls & classification codes as there may be premium savings.

Below is an example of potential payroll audit considerations:

How to Treat Payroll during COVID-19 for a WC Audit

Employee Payroll Status (During COVID-19 Pandemic)	Employee	Payroll Classification at Audit
Paid	No change in job function	Classify per usual class code
	Working remotely in same job function	Classify per usual class code
	Working in a different job function	<u>Re-allocate to proper class code</u>
	Not working but continue to receive salary	<u>Allocate to a separate/special code</u>
Unpaid	Not working	<u>Allocate to a separate/special code</u>

The most important take away is for insureds to maintain detailed records of class code changes for auditors

- This re-classification can potentially reduce your costs and can either be done at your year-end Workers' Compensation audit or before the inception of your new policy period.
- The chart on the previous page is a guideline to assist you in re-evaluating any potential changes needed to your Workers' Compensation Class Codes. Insurance carriers are taking guidance from the Workers' Compensation Bureaus at audit.

If you have any questions, your Conner Strong & Buckelew Account Service Team is available to assist. Please visit our online [Resource Center for more](#) information.

